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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, MARCH 27, 2002

APPLICATION OF

AT&T COMMUNICATIONS OF VIRGINIA, LLC

CASE NO. PUC010255

For certificates of public
convenience and necessity to
provide local exchange and
interexchange telecommunications
services

FINAL ORDER

On December 11, 2001, AT&T Communications of Virginia, LLC ("AT&T-VA" or the "Company"), filed an application for certificates of public convenience and necessity with the State Corporation Commission ("Commission") to provide local exchange and interexchange telecommunications services throughout the Commonwealth of Virginia. The Company also requested authority to price its interexchange telecommunications services on a competitive basis pursuant to § 56-481.1 of the Code of Virginia.

By Order dated December 19, 2001, the Commission directed the Company to provide notice to the public of its application and directed the Commission Staff to conduct an investigation and file a Staff Report. On January 30, 2002, the Company filed proof of publication and proof of service as required by the December 19, 2001, Order.

On February 19, 2002, the Staff filed its Report finding that AT&T-VA's application was in compliance with the Rules Governing the Offering of Competitive Local Exchange Telephone Service ("Local Rules") and the Rules Governing the Certification of Interexchange Carriers ("IXC Rules"). Based upon its review of AT&T-VA's application, the Staff determined it would be appropriate to grant the Company certificates to provide local exchange and interexchange telecommunications services subject to the following condition: should AT&T-VA collect customer deposits for its CLEC operations, it shall establish and maintain an escrow account for such funds, held in a Virginia office of a duly chartered state or national bank, savings and loan association or savings bank, or credit union that is unaffiliated with the Company and shall notify the Division of Economics and Finance of the escrow arrangement and any subsequent change. Any escrow arrangement established pursuant to this requirement shall be maintained until such time as the Staff or Commission determines it is no longer necessary; or, should AT&T-VA collect customer deposits for its CLEC operations, it shall post a \$50,000 surety or performance bond with the Commission. AT&T-VA shall notify the Division of Economics and Finance thirty (30) days prior to the cancellation or lapse of its surety or performance bond and provide documentation regarding the replacement of the bond. This

requirement shall be maintained until such time as Staff or the Commission determines it is no longer necessary.

On March 1, 2002, the Commission entered an Order granting AT&T-VA's request for an extension of time to file a response to Staff's Report. Pursuant to that Order, the Company filed its Response on March 5, 2002. In its letter response, the Company asked that it be permitted to satisfy any proposed requirements relating to customer deposits with the above-referenced letter of guarantee filed by its president. The Company also requested that the Commission not require an escrow account or a bonding requirement for AT&T-VA or, in the alternative, direct AT&T-VA to post a surety bond only at such time as its annual Virginia intrastate revenues fall below \$75 million.

NOW THE COMMISSION, having considered the application, the Staff Report, and response comments of AT&T-VA, finds that the Company should be granted certificates to provide local exchange and interexchange telecommunications services. Having considered § 56-481.1, the Commission further finds that the Company may price its interexchange telecommunications services competitively. We will accept AT&T-VA's March 5, 2002, letter as assurance that customer deposits will be safeguarded, and we require AT&T-VA to notify the Division of Economics and Finance within 60 days in the event its annual intrastate revenues fall below \$75 million during any consecutive 12-month period. In

such an event, AT&T-VA shall post a surety bond for its customer deposits.

Accordingly, IT IS ORDERED THAT:

(1) AT&T-VA is hereby granted a certificate of public convenience and necessity, No. TT-169A, to provide interexchange telecommunications services subject to the restrictions set forth in the Commission's Rules Governing the Certification of Interexchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(2) AT&T-VA is hereby granted a certificate of public convenience and necessity, No. T-577, to provide local exchange telecommunications services subject to the restrictions set forth in the Rules Governing the Offering of Competitive Local Exchange Telephone Service, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(3) Pursuant to § 56-481.1 of the Code of Virginia, the Company may price its interexchange telecommunications services competitively.

(4) The Company shall provide tariffs to the Division of Communications that conform to all applicable Commission rules and regulations.

(5) AT&T-VA's March 5, 2002, letter of guarantee shall be accepted as assurance that customer deposits will be safeguarded.

(6) Should AT&T-VA's annual intrastate revenues fall below \$75 million during any consecutive 12-month period, it shall notify the Division of Economics and Finance within sixty (60) days of such event and post a surety bond for customer deposits. The amount of the surety bond shall be determined by the Staff or the Commission. Any bond posted pursuant to this requirement shall be maintained until such time as the Staff or Commission determines it is no longer necessary.

(7) There being nothing further to come before the Commission, this case shall be dismissed and the papers filed herein placed in the file for ended causes.